



CSX FLASH
QUARTERLY FINANCIAL REPORT

SECOND QUARTER 2006

CSX Announces Strong Earnings, Stock Split, Dividend Increase, Share Buyback

Highlights:

- Record Surface Transportation revenues and operating income
- 2-for-1 stock split for shareholders, effective August 3, 2006
- \$0.10 quarterly dividend on the post-split shares, a 54 percent increase
- \$500 million share buyback program intended to be completed in 12 months

Jacksonville, Florida (July 18, 2006) – CSX Corporation [NYSE: CSX] today reported second quarter 2006 net earnings of \$390 million, or \$1.66 per share. Earnings for the second quarter included insurance recoveries related to Hurricane Katrina and benefits associated with the resolution of tax matters with a combined impact of \$0.50 per share. Last year’s second quarter earnings were \$165 million, or \$0.73 per share, which included costs related to a debt repurchase of \$0.54 per share, partially offset by a state income tax benefit of \$0.31 per share. On a comparable basis, the company’s earnings per share for the second quarter of 2006 were \$1.16, a 21 percent increase, compared to \$0.96 for the same period last year. (See table below for reconciliation of these items to reported numbers.)

“These financial gains are a result of momentum in our operations, improvements in productivity and service, and our ability to capture price in a strong market environment,” said Michael J. Ward, chairman and chief executive officer of CSX Corporation. “Our strategy remains on track, the team is driving performance, and we are well positioned for profitable growth.”

The company posted record Surface Transportation revenues of \$2.4 billion, which represented a 12 percent increase from the second quarter last year. Surface Transportation operating income was \$645 million, including the insurance recoveries, compared to \$422 million for the same period last year. On a comparable basis, 2006 second quarter operating income was a record \$519 million, a 23 percent increase over last year, and reflected an operating ratio of 78.6 percent.

In addition, the company announced its board of directors has approved a 2-for-1 stock split for shareholders and a \$0.10 quarterly dividend on the post-split shares, representing a 54% increase. The board also authorized a \$500 million share buyback program that the company intends to complete over the next 12 months.

“We are confident in our ability to achieve double digit growth in operating income, earnings and free cash flow over the next five years,” said Ward. “The decision by our board to split our stock, increase the dividend and authorize the share buyback program reflects our strong balance sheet, and follows record operating performance as well as new investments to expand network capacity.”

The stock split will be for all shareholders of record on August 3, 2006 with a distribution date of August 15, 2006.

The \$0.10 post-split quarterly dividend on the company's common stock to shareholders of record as of August 25, 2006, is payable on September 15, 2006.

The new share buyback program is authorized to begin on July 24, 2006. Under the program, the company may purchase shares from time to time on the open market, through block trades or otherwise.

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The accompanying unaudited financial information should be read in conjunction with the company's most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and any Current Reports on Form 8-K.

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GAAP RECONCILIATION
(Dollars in millions, except per share amounts)

The company reports its financial results in accordance with generally accepted accounting principles ("GAAP"). However, management believes that certain non-GAAP financial measures used in managing the company's business that fall within the meaning of Reg G by the Securities and Exchange Commission may provide users of the financial information with additional meaningful comparisons to prior reported results.

| | Second Quarter | |
|--|-----------------------|----------------|
| | 2006 | 2005 |
| Surface Transportation Operating Income | \$ 645 | \$ 422 |
| Less Gain on Insurance Recoveries | (126) | - |
| Comparable Surface Transportation Operating Income | \$ 519 | \$ 422 |
| Earnings Per Share | \$ 1.66 | \$ 0.73 |
| Less Gain on Insurance Recoveries After Tax | (0.33) | - |
| Plus Debt Repurchase Expense After Tax | - | 0.54 |
| Less Income Tax Benefits | (0.17) | (0.31) |
| Comparable Earnings Per Share | \$ 1.16 | \$ 0.96 |

CSX Corporation, based in Jacksonville, Fla., is a leading transportation company providing rail, intermodal and rail-to-truck transload services. The company's transportation network spans approximately 21,000 miles with service to 23 eastern states and the District of Columbia, and connects to more than 70 ocean, river and lake ports.

This earnings announcement, as well as a package of detailed financial information, is contained in the CSX Flash report available on the company's Web site at www.csx.com and on Form 8-K with the Securities and Exchange Commission (SEC).

CSX executives will conduct a quarterly earnings conference call with the investment community on July 19, 2006 at 8:30 a.m. ET. Investors, media and the public may listen to the conference call by dialing 888-327-6279 (888-EARN-CSX) and asking for the CSX earnings call. (Callers outside the U.S., dial 773-756-0199). Participants should dial in 10 minutes prior to the call.

A webcast of the live conference call will be available at www.csx.com in the Investors section. Following the earnings call, an internet replay of the presentation will be available. In addition, the replay will be available for download to a portable audio player or computer as an MP3 - or podcast - file. Both the replay and MP3 file can be found at www.csx.com in the Investors section and will be archived on the site for at least 30 days following the call for those unable to listen in real time.

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This press release and other statements by the company contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act with respect to, among other items: projections and estimates of earnings, revenues, cost-savings, expenses, or other financial items; statements of management's plans, strategies and objectives for future operation, and management's expectations as to future performance and operations and the time by which objectives will be achieved; statements concerning proposed new products and services; and statements regarding future economic, industry or market conditions or performance. Forward-looking statements are typically identified by words or phrases such as "believe," "expect," "anticipate," "project," and similar expressions. Forward looking statements speak only as of the date they are made, and the company undertakes no obligation to update or revise any forward-looking statement. If the company does update any forward-looking statement, no inference should be drawn that the company will make additional updates with respect to that statement or any other forward-looking statements.

Forward-looking statements are subject to a number of risks and uncertainties, and actual performance or results could differ materially from that anticipated by these forward-looking statements. Factors that may cause actual results to differ materially from those contemplated by these forward-looking statements include, among others: (i) the company's success in implementing its financial and operational initiatives, (ii) changes in domestic or international economic or business conditions, including those affecting the rail industry (such as the impact of industry competition, conditions, performance and consolidation); (iii) legislative or regulatory changes; (iv) the inherent business risks associated with safety and security; and (v) the outcome of claims and litigation involving or affecting the company.

Other important assumptions and factors that could cause actual results to differ materially from those in the forward-looking statements are specified in the company's SEC reports, accessible on the SEC's website at www.sec.gov and the company's website at www.csx.com.

CSX Corporation
CONSOLIDATED STATEMENT OF EARNINGS (Unaudited)
(Dollars in Millions, Except Per Share Amounts)

| | | Quarters Ended | | | Six Months Ended | | |
|----------------------------------|--|----------------|----------|-----------|------------------|----------|-----------|
| | | June 30, | July 1, | \$ Change | June 30, | July 1, | \$ Change |
| | | 2006 | 2005 | | 2006 | 2005 | |
| Surface | Revenue | \$ 2,421 | \$ 2,166 | \$ 255 | \$ 4,752 | \$ 4,274 | \$ 478 |
| Transportation | Expense | | | | | | |
| | Labor and Fringe | 715 | 706 | 9 | 1,433 | 1,400 | 33 |
| | Materials, Supplies and Other | 468 | 441 | 27 | 931 | 913 | 18 |
| | Depreciation | 216 | 203 | 13 | 427 | 406 | 21 |
| | Fuel | 288 | 176 | 112 | 541 | 355 | 186 |
| | Building and Equipment Rent | 132 | 137 | (5) | 256 | 272 | (16) |
| | Inland Transportation | 62 | 62 | - | 118 | 116 | 2 |
| | Conrail Rents, Fees and Services | 21 | 19 | 2 | 40 | 39 | 1 |
| | Gain on Insurance Recoveries (Note a) | (126) | - | (126) | (126) | - | (126) |
| | Total Expense | 1,776 | 1,744 | 32 | 3,620 | 3,501 | 119 |
| | Surface Transportation Operating Income | 645 | 422 | 223 | 1,132 | 773 | 359 |
| | Other Operating Income | 1 | 9 | (8) | 10 | 12 | (2) |
| Consolidated | Consolidated Operating Income | 646 | 431 | 215 | 1,142 | 785 | 357 |
| | Other Income - Net | 11 | 30 | (19) | 8 | 28 | (20) |
| | Debt Repurchase Expense (Note c) | - | (192) | 192 | - | (192) | 192 |
| | Interest Expense | (98) | (110) | 12 | (196) | (224) | 28 |
| | Earnings From Continuing Operations | | | | | | |
| | Before Income Taxes | 559 | 159 | 400 | 954 | 397 | 557 |
| | Income Tax (Expense) Benefit (Note b) | (169) | 6 | (175) | (319) | (78) | (241) |
| | Earnings From Continuing Operations | 390 | 165 | 225 | 635 | 319 | 316 |
| | Discontinued Operations - Net of Tax (Note d) | - | - | - | - | 425 | (425) |
| | Net Earnings | \$ 390 | \$ 165 | \$ 225 | \$ 635 | \$ 744 | \$ (109) |
| Earnings Per Common Share | Earnings Per Share, Assuming Dilution: | | | | | | |
| | From Continuing Operations | \$ 1.66 | \$ 0.73 | \$ 0.93 | \$ 2.73 | \$ 1.41 | \$ 1.32 |
| | Discontinued Operations | - | - | - | - | 1.88 | (1.88) |
| | Net Earnings | \$ 1.66 | \$ 0.73 | \$ 0.93 | \$ 2.73 | \$ 3.29 | \$ (0.56) |
| | Average Diluted Common Shares | | | | | | |
| | Outstanding (Thousands) | 235,103 | 227,453 | | 233,642 | 226,850 | |
| | Cash Dividends Paid Per Common Share | \$ 0.13 | \$ 0.10 | | \$ 0.26 | \$ 0.20 | |

See accompanying Notes to Consolidated Financial Statements on page 6.

CSX Corporation

CONSOLIDATED BALANCE SHEET

(Dollars in Millions)

| | | (Unaudited) | |
|---|---|------------------|------------------|
| | | June 30, 2006 | Dec. 30, 2005 |
| Assets | Cash and Cash Equivalents | \$ 320 | \$ 309 |
| | Short-term Investments | 362 | 293 |
| | Accounts Receivable - Net | 1,204 | 1,202 |
| | Materials and Supplies | 202 | 199 |
| | Deferred Income Taxes | 241 | 225 |
| | Other Current Assets | 66 | 144 |
| | Total Current Assets | 2,395 | 2,372 |
| | Properties | 27,229 | 26,538 |
| | Accumulated Depreciation | (6,672) | (6,375) |
| | Properties - Net | 20,557 | 20,163 |
| | Investment in Conrail | 609 | 603 |
| | Affiliates and Other Companies | 318 | 304 |
| | Other Long-term Assets | 719 | 790 |
| | Total Assets | \$ 24,598 | \$ 24,232 |
| | Liabilities and Shareholders' Equity | Accounts Payable | \$ 917 |
| Labor and Fringe Benefits Payable | | 457 | 565 |
| Casualty, Environmental and Other Reserves | | 306 | 311 |
| Current Maturities of Long-term Debt | | 1,375 | 936 |
| Short-term Debt | | 3 | 1 |
| Income and Other Taxes Payable | | 113 | 102 |
| Other Current Liabilities | | 89 | 110 |
| Total Current Liabilities | | 3,260 | 2,979 |
| Casualty, Environmental and Other Reserves | | 649 | 653 |
| Long-term Debt | | 4,567 | 5,093 |
| Deferred Income Taxes | | 6,079 | 6,082 |
| Other Long-term Liabilities | | 1,440 | 1,471 |
| Total Liabilities | | 15,995 | 16,278 |
| Shareholders' Equity: | | | |
| Common Stock \$1 Par Value | | 222 | 218 |
| Other Capital | 1,848 | 1,751 | |
| Retained Earnings | 6,841 | 6,262 | |
| Accumulated Other Comprehensive Loss | (308) | (277) | |
| Total Shareholders' Equity | 8,603 | 7,954 | |
| Total Liabilities and Shareholders' Equity | \$ 24,598 | \$ 24,232 | |

See accompanying Notes to Consolidated Financial Statements on page 6.

CSX Corporation
CONSOLIDATED CASH FLOW STATEMENT *(Unaudited)*
(Dollars in Millions)

| | | Six Months Ended | |
|----------------------------------|---|------------------|-----------------|
| | | June 30, 2006 | July 1, 2005 |
| Operating Activities | Net Earnings | \$ 635 | \$ 744 |
| | <i>Adjustments to Reconcile Net Earnings to Net Cash Provided:</i> | | |
| | Depreciation | 430 | 418 |
| | Deferred Income Taxes | 6 | (51) |
| | Gain on Sale of International Terminals- Net of Tax <i>(Note d)</i> | - | (428) |
| | Gain on Insurance Recoveries <i>(Note a)</i> | (126) | - |
| | Insurance Proceeds | 92 | - |
| | Other Operating Activities | (26) | (124) |
| | Changes in Operating Assets and Liabilities: | | |
| | Accounts Receivable | (63) | 41 |
| | Other Current Assets | 66 | (45) |
| | Accounts Payable | 2 | 16 |
| | Income and Other Taxes Payable | (21) | (226) |
| | Other Current Liabilities | (141) | (16) |
| | Net Cash Provided by Operating Activities | 854 | 329 |
| Investing Activities | Property Additions | (879) | (381) |
| | Insurance Proceeds | 115 | - |
| | Net Proceeds from Sale of International Terminals | - | 1,108 |
| | Purchase of Minority Interest in International Terminals Subsidiary | - | (110) |
| | Purchase of Short-term Investments | (761) | (1,576) |
| | Proceeds from Sales of Short-term Investments | 718 | 1,679 |
| | Other Investing Activities | (15) | 3 |
| | Net Cash (Used in) Provided by Investing Activities | (822) | 723 |
| Financing Activities | Short-term Debt - Net | 2 | (98) |
| | Long-term Debt Issued | 63 | 27 |
| | Long-term Debt Repaid | (143) | (1,213) |
| | Dividends Paid | (57) | (44) |
| | Stock Options Exercised | 224 | 52 |
| | Shares Repurchased | (149) | - |
| | Other Financing Activities | 39 | 3 |
| | Net Cash Used in Financing Activities | (21) | (1,273) |
| Cash and Cash Equivalents | Net Increase (Decrease) in Cash and Cash Equivalents | 11 | (221) |
| | Cash and Cash Equivalents at Beginning of Period | 309 | 522 |
| | Cash and Cash Equivalents at End of Period | \$ 320 | \$ 301 |

See accompanying Notes to Consolidated Financial Statements on page 6.

CSX Corporation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Prior periods have been reclassified to conform to the current year presentation.

(a) Gain on Insurance Recoveries:

In the second quarter of 2006, CSX recognized a gain of \$126 million before tax, or \$78 million after tax, on insurance recoveries from claims related to Hurricane Katrina. The gain represents insurance recoveries related to property damage and lost profits. Additional gains are expected in future periods as more cash is collected.

(b) Income Tax:

- In the second quarter of 2006, CSX recognized a tax benefit of \$41 million principally related to the resolution of certain tax matters. As issues are resolved in future periods, additional adjustments may occur.*
- In the second quarter of 2005, Ohio enacted legislation to gradually eliminate its corporate franchise tax. This legislative change resulted in an income tax benefit of \$71 million associated with eliminating deferred income tax liabilities.*

(c) Debt Repurchase Expense:

In the second quarter of 2005, CSX repurchased \$1.0 billion of outstanding debt. CSX recognized \$192 million of before-tax costs, or \$123 million of after-tax costs, to repurchase the debt, which primarily reflects the increase in current market value above original issue value.

(d) Discontinued Operations:

In the first quarter of 2005, CSX sold its International Terminals business for net cash proceeds of \$998 million. As a result, CSX recognized earnings from discontinued operations of \$425 million after tax, which includes \$428 million of after tax gain on sale and a \$3 million after tax first quarter 2005 loss on operations of the International Terminals business.

Subsequent Event

The company's board of directors approved a 2-for-1 stock split for shareholders effective August 3, 2006, a \$0.10 quarterly dividend on the post-split shares effective in September 2006, and a \$500 million share buyback program that the company intends to complete over the next 12 months.

All earnings per share information for the second quarter of 2006 is on a pre-split basis. Beginning in the third quarter of 2006, the company will be required to retrospectively apply the stock split. If the company had applied the stock split for this quarter, EPS assuming dilution would have been \$.83 and \$.36, for the quarters ended 2006 and 2005, respectively.

CSX Corporation

SURFACE TRANSPORTATION DETAIL (Unaudited)

(Dollars in Millions)

Quarters Ended June 30, 2006 and July 1, 2005

| | Rail | | Intermodal | | Surface Transportation | | \$ Change |
|--|-----------------|----------|---------------|--------|------------------------|----------|-----------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | |
| Revenue | \$ 2,065 | \$ 1,836 | \$ 356 | \$ 330 | \$ 2,421 | \$ 2,166 | \$ 255 |
| Expense | | | | | | | |
| Labor and Fringe | 695 | 687 | 20 | 19 | 715 | 706 | 9 |
| Materials, Supplies and Other | 414 | 394 | 54 | 47 | 468 | 441 | 27 |
| Depreciation | 206 | 193 | 10 | 10 | 216 | 203 | 13 |
| Fuel | 288 | 176 | - | - | 288 | 176 | 112 |
| Building and Equipment Rent | 99 | 104 | 33 | 33 | 132 | 137 | (5) |
| Inland Transportation | (116) | (104) | 178 | 166 | 62 | 62 | - |
| Conrail Rents, Fees and Services | 21 | 19 | - | - | 21 | 19 | 2 |
| Gain on Insurance Recoveries | (124) | - | (2) | - | (126) | - | (126) |
| Total Expense | 1,483 | 1,469 | 293 | 275 | 1,776 | 1,744 | 32 |
| Surface Transportation Operating Income | \$ 582 | \$ 367 | \$ 63 | \$ 55 | \$ 645 | \$ 422 | \$ 223 |
| Surface Transportation Operating Ratio | 71.8% | 80.0% | 82.3% | 83.3% | 73.4% | 80.5% | |
| Other Operating Income | | | | | \$ 1 | \$ 9 | |
| Consolidated Operating Income | | | | | \$ 646 | \$ 431 | |

Six Months Ended June 30, 2006 and July 1, 2005

| | Rail | | Intermodal | | Surface Transportation | | \$ Change |
|--|-----------------|----------|---------------|--------|------------------------|----------|-----------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | |
| Revenue | \$ 4,062 | \$ 3,615 | \$ 690 | \$ 659 | \$ 4,752 | \$ 4,274 | \$ 478 |
| Expense | | | | | | | |
| Labor and Fringe | 1,393 | 1,361 | 40 | 39 | 1,433 | 1,400 | 33 |
| Materials, Supplies and Other | 833 | 812 | 98 | 101 | 931 | 913 | 18 |
| Depreciation | 407 | 386 | 20 | 20 | 427 | 406 | 21 |
| Fuel | 541 | 355 | - | - | 541 | 355 | 186 |
| Building and Equipment Rent | 192 | 205 | 64 | 67 | 256 | 272 | (16) |
| Inland Transportation | (227) | (209) | 345 | 325 | 118 | 116 | 2 |
| Conrail Rents, Fees and Services | 40 | 39 | - | - | 40 | 39 | 1 |
| Gain on Insurance Recoveries | (124) | - | (2) | - | (126) | - | (126) |
| Total Expense | 3,055 | 2,949 | 565 | 552 | 3,620 | 3,501 | 119 |
| Surface Transportation Operating Income | \$ 1,007 | \$ 666 | \$ 125 | \$ 107 | \$ 1,132 | \$ 773 | \$ 359 |
| Surface Transportation Operating Ratio | 75.2% | 81.6% | 81.9% | 83.8% | 76.2% | 81.9% | |
| Other Operating Income | | | | | \$ 10 | \$ 12 | |
| Consolidated Operating Income | | | | | \$ 1,142 | \$ 785 | |

CSX Corporation

SURFACE TRANSPORTATION VOLUME AND REVENUE (Unaudited)

Volume (Thousands); Revenue (Dollars in Millions); Revenue Per Unit (Dollars)

Quarters Ended June 30, 2006, and July 1, 2005

| | Volume | | | Revenue | | | Revenue Per Unit | | |
|-------------------------------------|--------------|--------------|------------|-----------------|-----------------|-------------|------------------|-----------------|-------------|
| | 2006 | 2005 | % Change | 2006 | 2005 | % Change | 2006 | 2005 | % Change |
| Chemicals | 134 | 135 | (1) % | \$ 305 | \$ 270 | 13 % | \$ 2,276 | \$ 2,000 | 14 % |
| Emerging Markets | 144 | 136 | 6 | 158 | 137 | 15 | 1,097 | 1,007 | 9 |
| Forest Products | 103 | 113 | (9) | 194 | 181 | 7 | 1,883 | 1,602 | 18 |
| Agricultural Products | 96 | 87 | 10 | 164 | 133 | 23 | 1,708 | 1,529 | 12 |
| Metals | 95 | 92 | 3 | 173 | 140 | 24 | 1,821 | 1,522 | 20 |
| Phosphates and Fertilizers | 94 | 117 | (20) | 93 | 91 | 2 | 989 | 778 | 27 |
| Food and Consumer | 63 | 63 | - | 120 | 109 | 10 | 1,905 | 1,730 | 10 |
| Total Merchandise | 729 | 743 | (2) | 1,207 | 1,061 | 14 | 1,656 | 1,428 | 16 |
| Coal | 446 | 438 | 2 | 562 | 519 | 8 | 1,260 | 1,185 | 6 |
| Coke and Iron Ore | 24 | 21 | 14 | 31 | 22 | 41 | 1,292 | 1,048 | 23 |
| Total Coal | 470 | 459 | 2 | 593 | 541 | 10 | 1,262 | 1,179 | 7 |
| Automotive | 124 | 124 | - | 223 | 211 | 6 | 1,798 | 1,702 | 6 |
| Other | - | - | - | 42 | 23 | 83 | - | - | - |
| Total Rail | 1,323 | 1,326 | - | 2,065 | 1,836 | 12 | 1,561 | 1,385 | 13 |
| International | 326 | 320 | 2 | 148 | 134 | 10 | 454 | 419 | 8 |
| Domestic | 221 | 223 | (1) | 198 | 190 | 4 | 896 | 852 | 5 |
| Other | - | - | - | 10 | 6 | 67 | - | - | - |
| Total Intermodal | 547 | 543 | 1 | 356 | 330 | 8 | 651 | 608 | 7 |
| Total Surface Transportation | 1,870 | 1,869 | - % | \$ 2,421 | \$ 2,166 | 12 % | \$ 1,295 | \$ 1,159 | 12 % |

Six Months Ended June 30, 2006, and July 1, 2005

| | Volume | | | Revenue | | | Revenue Per Unit | | |
|-------------------------------------|--------------|--------------|------------|-----------------|-----------------|-------------|------------------|-----------------|-------------|
| | 2006 | 2005 | % Change | 2006 | 2005 | % Change | 2006 | 2005 | % Change |
| Chemicals | 269 | 275 | (2) % | \$ 600 | \$ 546 | 10 % | \$ 2,230 | \$ 1,985 | 12 % |
| Emerging Markets | 268 | 251 | 7 | 292 | 254 | 15 | 1,090 | 1,012 | 8 |
| Forest Products | 209 | 226 | (8) | 385 | 357 | 8 | 1,842 | 1,580 | 17 |
| Agricultural Products | 192 | 179 | 7 | 321 | 270 | 19 | 1,672 | 1,508 | 11 |
| Metals | 189 | 185 | 2 | 337 | 278 | 21 | 1,783 | 1,503 | 19 |
| Phosphates and Fertilizers | 182 | 234 | (22) | 183 | 181 | 1 | 1,005 | 774 | 30 |
| Food and Consumer | 127 | 126 | 1 | 238 | 213 | 12 | 1,874 | 1,690 | 11 |
| Total Merchandise | 1,436 | 1,476 | (3) | 2,356 | 2,099 | 12 | 1,641 | 1,422 | 15 |
| Coal | 902 | 875 | 3 | 1,114 | 1,001 | 11 | 1,235 | 1,144 | 8 |
| Coke and Iron Ore | 44 | 42 | 5 | 58 | 46 | 26 | 1,318 | 1,095 | 20 |
| Total Coal | 946 | 917 | 3 | 1,172 | 1,047 | 12 | 1,239 | 1,142 | 8 |
| Automotive | 251 | 249 | 1 | 454 | 419 | 8 | 1,809 | 1,683 | 7 |
| Other | - | - | - | 80 | 50 | 60 | - | - | - |
| Total Rail | 2,633 | 2,642 | - | 4,062 | 3,615 | 12 | 1,543 | 1,368 | 13 |
| International | 628 | 636 | (1) | 280 | 266 | 5 | 446 | 418 | 7 |
| Domestic | 435 | 435 | - | 384 | 363 | 6 | 883 | 834 | 6 |
| Other | - | - | - | 26 | 30 | (13) | - | - | - |
| Total Intermodal | 1,063 | 1,071 | (1) | 690 | 659 | 5 | 649 | 615 | 6 |
| Total Surface Transportation | 3,696 | 3,713 | - % | \$ 4,752 | \$ 4,274 | 11 % | \$ 1,286 | \$ 1,151 | 12 % |

CSX Corporation

REVENUE

Rail Operating Revenue

Second quarter Surface Transportation revenue represents the 17th consecutive quarter of year-over-year revenue growth. All four major markets experienced revenue gains as a result of continued traffic re-pricing and the fuel surcharge program.

Merchandise

Chemicals – Revenue and revenue per unit improved by capitalizing on a continued strong pricing environment. While shipments of plastics increased, overall volume was down slightly because high raw material costs continued to negatively affect the U.S chemical industry's competitiveness and in turn, CSX's volumes.

Emerging Markets – Continued strength in the building and highway construction markets in the southeast propelled demand for aggregate products, such as rock, sand, and cement. Shipments of municipal waste and construction and demolition debris from the metropolitan areas in the northeast also continued to show significant growth.

Forest Products – Volume declined due to weakness in the printing market as electronic media continued to reduce the demand for printed paper. A favorable pricing environment improved revenue per unit in all segments, which was led by lumber, plywood and brown packaging paper. Yield management efforts also negatively affected packaging paper shipments. A general focus on longer and more profitable shipments favorably affected revenue per unit.

Agricultural Products – Increased demand for ethanol as a fuel additive continued to be a key reason for strong volume growth. In addition, strong export demand for grain and increased shipments of beans due to lower producer prices helped volume growth.

Metals – Domestic steel demand continued to drive high levels of production and volume gains. Pricing actions also contributed to a record revenue quarter and growth compared to last year.

Phosphates and Fertilizers – Short-haul export phosphate volume, which has lower revenue per unit, decreased significantly as increased international production caused plant shutdowns. The loss of this short-haul traffic and an increase in longer-haul domestic phosphate volume together had a significant favorable impact on revenue per unit.

Food and Consumer – Volume in this segment (which includes the transportation of refrigerated products, canned goods, building products and transportation equipment) was flat. Growth in deliveries of customer-owned freight cars, roofing granules (used to make shingles), and rice was offset by softness in shipments of ores (used in paint products), clay, and canned goods. Also, a focus on shipments that are more profitable and are moved longer distances favorably affected revenue per unit.

Coal

Revenue and volume were up on continued strong utility demand. Utility inventory levels were estimated to be at target levels at the end of the second quarter. Increased fuel surcharge coverage and a favorable pricing environment resulted in revenue-per-unit increases. Also, the second quarter of 2005 included an additional \$17 million of revenue from a rate case settlement.

Automotive

Volume was flat due to a slight reduction in North American light vehicle production. Consistent with the overall automotive market, CSX's volumes continued to shift from the Big 3 to foreign brands produced domestically. Revenue per unit was favorable due to price increases and fuel surcharge.

Intermodal Operating Revenue

International – Overall volume increased due to import activity from several key international customers, partially offset by continued yield management initiatives. Revenue per unit increased as a result of a strong pricing environment and fuel surcharge.

Domestic – Volume declined slightly from fewer shipments from the west coast that are transported by other rail carriers, partially offset by growth in the parcel and truckload markets. Additionally, the pricing environment continued to remain favorable.

CSX Corporation

EXPENSE

Surface Transportation expenses increased \$32 million from last year's second quarter, despite \$126 million of insurance recoveries related to Hurricane Katrina. Significant variances are described below.

Labor and Fringe expenses increased \$9 million due to the effects of inflation partially offset by lower incentive compensation because of new long-term incentive plans.

Materials, Supplies and Other expenses increased \$27 million primarily due to inflation and a prior year supplier reimbursement that was not repeated. These increases were partially offset by productivity gains from improved operations, such as better usage of locomotives and fewer train accidents and related costs.

Depreciation expense increased \$13 million due to an increasing asset base related to higher capital spending.

Fuel expense increased \$112 million from higher fuel prices and less hedge benefit.

Building and Equipment Rent decreased \$5 million due to a reduction in railcar lease expense. This was a direct result of the improvement in operational fluidity, which drove improvements in shipment cycle-time and reduced the number of cars-on-line.

Gain on Insurance Recoveries of \$126 million represented cash received for lost profits and higher replacement value of property compared to the value of the property that was damaged, after consideration of the company's insurance deductible.

Other Operating Income decreased \$8 million primarily because of less equipment leasing activity related to the company's former container shipping business. Also included in other operating income are gain amortization on the company's conveyance of its former CSX lines subsidiary, some remaining net sublease income from assets formerly included in the marine service segment, and other items.

CSX Corporation

RAIL OPERATING STATISTICS *(Estimated)*

| | | Second Quarter | | | Six Months | | |
|---|---|----------------|---------|----------|------------|---------|----------|
| | | 2006 | 2005 | % Change | 2006 | 2005 | % Change |
| Coal <i>(Millions of Tons)</i> | Domestic: | | | | | | |
| | Utility | 39.4 | 37.6 | 5 % | 79.8 | 74.7 | 7 % |
| | Other | 4.9 | 5.5 | (11) | 10.0 | 10.8 | (7) |
| | Total Domestic | 44.3 | 43.1 | 3 | 89.8 | 85.5 | 5 |
| | Export | 3.2 | 3.4 | (6) | 6.4 | 7.2 | (11) |
| | Total | 47.5 | 46.5 | 2 | 96.2 | 92.7 | 4 |
| Revenue Ton-Miles <i>(Billions)</i> | Merchandise | 35.3 | 34.7 | 2 | 70.5 | 69.3 | 2 |
| | Automotive | 2.2 | 2.2 | - | 4.4 | 4.4 | - |
| | Coal | 21.0 | 20.4 | 3 | 42.4 | 41.1 | 3 |
| | Intermodal | 5.3 | 5.2 | 2 | 10.3 | 10.2 | 1 |
| | Total | 63.8 | 62.5 | 2 | 127.6 | 125.0 | 2 |
| Gross Ton-Miles <i>(Billions)</i> | Total Gross Ton-Miles <i>(Excludes locomotive gross ton-miles)</i> | 118.5 | 117.2 | 1 | 237.6 | 233.7 | 2 |
| Service Measurement | Personal Injury Frequency Index <i>(Per 200,000 Man Hours)</i> | 1.37 | 1.88 | 27 | 1.36 | 1.76 | 23 |
| | FRA Train Accidents Frequency <i>(Per Million Train Miles)</i> | 3.29 | 3.62 | 9 | 3.41 | 4.32 | 21 |
| | On -Time Originations | 76.5% | 47.7% | 60 | 75.5% | 48.8% | 55 |
| | On -Time Arrivals | 60.3% | 36.2% | 67 | 60.8% | 36.9% | 65 |
| | Average System Dwell Time <i>(Hours)</i> ^(a) | 25.5 | 30.4 | 16 | 26.1 | 30.2 | 14 |
| | Average Total Cars-On-Line | 223,349 | 235,819 | 5 | 223,822 | 235,019 | 5 |
| | Average Velocity, All Trains <i>(Miles Per Hour)</i> | 19.5 | 19.1 | 2 | 19.7 | 19.3 | 2 |
| | Average Recrews <i>(Per Day)</i> | 63 | 67 | 6 | 60 | 66 | 9 % |
| Resources | Route Miles | 21,244 | 21,794 | (3) | | | |
| | Locomotives <i>(Owned and long-term leased)</i> | 3,850 | 3,694 | 4 | | | |
| | Freight Cars <i>(Owned and long-term leased)</i> | 102,975 | 103,544 | (1) % | | | |

(a) Beginning October 2005, the Association of American Railroads adopted a new dwell calculation in an effort to standardize reporting across U.S. railroads. Beginning in 2007 and going forward, CSXT will adopt this new method. If CSXT had used this new method in the second quarter and first six months of 2006, average system dwell time would have been 25.1 and 25.6 hours for those periods, respectively.

SURFACE TRANSPORTATION FUEL STATISTICS

| | Second Quarter | | Six Months | |
|---|----------------|-----------|------------|-----------|
| | 2006 | 2005 | 2006 | 2005 |
| Diesel No. 2: | | | | |
| Estimated Fuel Consumption <i>(Millions of Gallons)</i> | 147.6 | 147.7 | 304.5 | 305.0 |
| Price Per Gallon <i>(Dollars)</i> | \$ 1.9516 | \$ 1.1905 | \$ 1.7754 | \$ 1.1643 |
| Impact of Year-to-Year Price Variance on Operating Expense <i>(Dollars in Millions)</i> | \$ (112) | \$ (22) | \$ (186) | \$ (41) |

CSX Corporation

OTHER INCOME (EXPENSE) (Unaudited)

| | Quarters Ended | | | Six Months Ended | | |
|---|------------------|-----------------|----------------|------------------|-----------------|----------------|
| | June 30, 2006 | July 1, 2005 | \$ Change | June 30, 2006 | July 1, 2005 | \$ Change |
| Interest Income | \$ 10 | \$ 15 | \$ (5) | \$ 19 | \$ 22 | \$ (3) |
| Income from Real Estate and Resort Operations | 2 | 24 | (22) | (7) | 16 | (23) |
| Minority Interest Expense | (6) | (7) | 1 | (11) | (10) | (1) |
| Miscellaneous | 5 | (2) | 7 | 7 | - | 7 |
| Total | \$ 11 | \$ 30 | \$ (19) | \$ 8 | \$ 28 | \$ (20) |

EMPLOYEE COUNTS (Estimated)

| | May 2006 | May 2005 | Change |
|-------------------------------------|---------------|---------------|--------------|
| Surface Transportation | | | |
| Rail | 33,143 | 32,005 | 1,138 |
| Intermodal | 1,016 | 1,076 | (60) |
| Technology and Corporate | 559 | 549 | 10 |
| Total Surface Transportation | 34,718 | 33,630 | 1,088 |
| Other | 1,471 | 1,546 | (75) |
| Total | 36,189 | 35,176 | 1,013 |